

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI**

In re:)	
)	
WAREHOUSE 86, LLC)	CASE NO. 08-03423-EE
)	Chapter 11
Debtor)	
_____)	

**REPORT OF SALE – PURCHASE AND SALE OF
SUBSTANTIALLY ALL OF THE ASSETS OF WAREHOUSE 86, LLC**

This Report is filed by Warehouse 86, LLC, the Debtor herein, to reflect the consummation and the details of that certain sale of assets of the debtor approved by the Order Granting Debtor's Motion for Authority to Sell Assets Free and Clear of All Liens, Claims, Interests and Encumbrances Outside of the Ordinary Course of Business and Assuming and Assigning Certain Unexpired Leases and Executory Contracts, entered by this Court on December 10, 2008 (Dkt. # 070):

SELLER: Warehouse 86, LLC

PURCHASER: Warehouse86 Ventures, LLC

PROPERTY SOLD: Substantially all of the Assets of Warehouse 86, LLC

LENDER: Metropolitan Bank

CLOSING DATES: December 10-11, 2008

CONSIDERATION FOR SALE OF ASSETS (PER SALE ORDER)

The Sale Price of the Assets sold was as follows:

- (A) \$750,000.00 to Irby in satisfaction of the Irby Indebtedness, which shall be paid by Buyer to Irby pursuant to a Note to be personally guaranteed by Kenneth May;
- (B) \$390,350.98 to repay the DIP Loan of the Debtor to Kenneth May; and
- (C) \$100,000.00 to the Debtor's bankruptcy estate.

TOTAL CONSIDERATION FOR ASSETS: \$1,240,350.98

DISBURSEMENT STATEMENT

INCOMING FUNDS:

Proceeds from Metropolitan Bank (from loan to Warehouse86 Ventures, LLC)	\$490,350.38
Earnest Money (previously paid to Seller's attorney)	50,000.00
TOTAL INCOMING FUNDS:	\$540,350.38

DISBURSEMENTS:

Warehouse 86, LLC c/o Butler, Snow, O'Mara, Stevens & Cannada, PLLC	\$100,000.00
Payoff of Debtor-in-Possession Loan (through 12-11-08) to Kenneth A. May	390,350.38
Return of Earnest Money to Kenneth A. May (via wire transfer)	50,000.00
TOTAL DISBURSEMENTS:	\$540,350.38

BALANCE TO BE DISBURSED	\$0.00
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SATISFACTION OF SECURED CLAIM OF STUART M. IRBY:

Note of Warehouse 86, LLC to Stuart M. Irby dated July 1, 2006 (amount owed approximately \$1,236,756.12) was cancelled, and Buyer issued its note to Irby in the principal amount of \$750,000.00, guaranteed by Kenneth May.

THIS, the 17th day of December, 2008.

Respectfully submitted,

WAREHOUSE 86, LLC

By: s/ Stephen W. Rosenblatt

Stephen W. Rosenblatt (MS Bar No. 5676)

John A. Crawford, Jr. (MS Bar No. 10346)

Paul M. Ellis (MS Bar No. 102259)

ATTORNEYS FOR DEBTOR

OF COUNSEL:

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CERTIFICATE OF SERVICE

I certify that this pleading was filed electronically through the Court's ECF system and served electronically on all parties enlisted to receive service electronically, including:

Ronald H. McAlpin, Esq. (MB No. 2182)
Trial Attorney, Office of the U.S. Trustee
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and by United States Mail, postage prepaid, to the members of the Creditors Committee:

Ms. Teresa M Shipe
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4102 So. Mendenhall Road
Memphis, TN 38115

Edwin W. Christensen, Esq.
Overstock.com, Inc.
6350 S. 3000 E.
Salt Lake City, Utah 54212

Mr. Bobby Thomas
Thomas Sales & Services, Inc.
2300 Sitler St., Bldg. 685
Memphis, TN 38114

SO CERTIFIED, this the 17th day of December, 2008.

/s/ Stephen W. Rosenblatt
Stephen W. Rosenblatt